

PRESS RELEASE

Actuarial Association of Europe publishes AAE Discussion Paper “AI and the opportunities and challenges it presents to insurability”

Brussels, 18 January 2023:

The Actuarial Association of Europe (AAE) announces the publication of a paper titled [“AI and the opportunities and challenges it presents to insurability”](#).

Insurability is heavily dependent on understanding the risks affecting those to be included in the insured pool. These risks are then shared by the participants in the insured pool: each participant pays a reasonable premium that corresponds to their risk, and the unlucky ones who go on to suffer insured losses will be compensated. But without good data and advanced modelling it is impossible to accurately ascertain the risk level and suitable pricing. If pricing is not set correctly the pool will potentially have either an inappropriate surplus (a problem that can certainly be corrected through lower pricing in future), or a shortfall that threatens its ability to compensate the insured events.

All considerations and modelling have ethical, societal, moral and even behavioural aspects. The impact and effect of insurability can be a direct consequence of the effectiveness or failure of such data validation, or the accuracy of data quality assessments. Data perspectives affect societies, and societal behaviour affects data. It is clear that the issues here are closely connected to the topics of fairness and explainability.

The aim in this paper is to concentrate on insurability and leave these other important topics to further consideration.

This paper intends to explore the topic by explaining insurability, taking a look at state-of-the-art tools and analysing the tensions between insurability and novel data-related technologies.

- End of press release -

Notes for editors

1. For further information please contact Monique Schuilenburg, Operations Manager (tel. +32 2 201 60 21), moniques@actuary.eu
2. Copies of all AAE press releases are available on the AAE website (www.actuary.eu)
3. The Actuarial Association of Europe (AAE) was established in 1978 under the name Groupe Consultatif to represent actuarial associations in Europe. Its primary purpose is to provide advice and opinions to the various organisations of the European Union - the Commission, the Council of Ministers, the European Parliament, the European Supervisors and their committees – on actuarial issues in European legislation. The AAE currently has 37 member associations in 36 European countries, representing over 27,000 actuaries. Advice and comments provided by the AAE on behalf of the European actuarial profession are totally independent of industry interests. The Actuarial Association of Europe is registered in the EU Transparency Register under number 550855911144-54